

Members

Rep. William Bailey, Chair
Rep. Markt Lytle
Rep. James Buck
Rep. William Friend
Sen. Thomas Weatherwax
Sen. James Merritt
Sen. Katie Wolf
Sen. Samuel Smith, Jr.
Herschel Cook
David Butterfield
Richard P. Jones
Karen Large
William Goffinet
Mayor Howard Hatcher
James R. Murphy
Patricia French



LOCAL GOVERNMENT FINANCE STUDY COMMISSION

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Authority: P.L. 242-1997

MEETING MINUTES¹

Meeting Date: September 14, 1999
Meeting Time: 10:00 A.M.
Meeting Place: Century Center, Recital Hall
Meeting City: South Bend, Indiana
Meeting Number: 2

Members Present: Rep. William Bailey, Chair; David Butterfield; Richard P. Jones; Karen Large; William Goffinet; James R. Murphy.

Members Absent: Rep. Markt Lytle; Rep. James Buck; Rep. William Friend; Sen. Thomas Weatherwax; Sen. James Merritt; Sen. Katie Wolf; Sen. Samuel Smith, Jr.; Herschel Cook; Mayor Howard Hatcher; Patricia French.

Representative William Bailey, Commission Chairman, brought the meeting to order shortly after 10:00 a.m. He thanked the Indiana Association of Cities and Towns (IAC&T) for hosting the meeting. Representative Bailey restated that the Commission was exploring the questions of whether fiscal home rule should be extended to local government and whether the Bowen tax package has been effective.

Presentation by the Indiana Association of Cities and Towns.

Tonya Galbraith, IAC&T, provided copies of IAC&T's Summary of Proposed Fiscal Home Rule Legislation, prepared by Ice Miller Donadio & Ryan (Exhibit 1) and copies of Fiscal Home Rule - Illustrative Revenue Sources and Uses, prepared by H.J. Umbaugh & Associates (Exhibit 2). She told the Commission that IAC&T took seriously their stance on fiscal home rule in 1996. This culminated in a 1997 bill draft (LS 7516), a copy of which appears in Exhibit 1.

Lafayette Mayor David Heath told the Commission that fiscal home rule is important at the local

¹Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

level because the public could offer direct input. He said that fiscal home rule could save taxpayers money by reducing the time and cost to implement revenue programs. Alluding to current revenue raising laws, Mayor Heath added that one size does not fit all communities. He acknowledged that local officials have their work cut out for them in promoting the idea of fiscal home rule.

Tell City Mayor William Goffinet, Commission member, expressed his thought that IACT was ready to move ahead with fiscal home rule and that a partnership with the Association of Indiana Counties would be beneficial.

Monticello Mayor Mary Walters testified that tourism in Monticello benefits the state and that a local sales tax and a food and beverage tax could provide significant property tax relief for the community. She added that a good working relationship with the county has allowed joint infrastructure and transportation planning. Fiscal home rule would allow Monticello to increase its capabilities of meeting the necessary costs of these projects. On fiscal planning, Mayor Walters stated that all communities should make projections for several years out, but that the plans must have flexibility. She guessed that fewer than half of all communities have a fiscal plan.

Public Testimony.

Greenwood Mayor Charles Henderson acknowledged that IACT hasn't shouldered the issue of fiscal home rule very well in the last couple of years, but he hopes that the incoming leaders of IACT will resume work on the issue. Mayor Henderson also reported that a local sales tax and a food and beverage tax could provide significant property tax relief for his community. He is convinced that the idea of fiscal home rule could be sold to the citizens and the council. If the citizens were opposed to the idea then the city simply wouldn't do it.

Jeffersonville Mayor Thomas Galligan told the Commission that although the General Assembly gave local government the authority to enact local option taxes, cities and towns cannot enact most taxes without the county's approval or by teaming up with other municipalities. He added that a food and beverage tax would raise significant revenue from visitors to the city and would not impact residents who do not eat out.

Ft. Wayne Mayor Paul Helmke remarked that there are many specialized local taxes and few uniform taxes, giving the General Assembly control over these matters. He told the Commission that a common fear is that fiscal home rule would cause taxes to rise but indicated that the County Option Income Tax has allowed Ft. Wayne to reduce and level off property taxes. Mayor Helmke provided several charts and graphs (Exhibit 3) to illustrate his point. He added that local officials should be trusted to make local fiscal decisions. Mayor Helmke also pointed out that the rules for distribution of local option income taxes penalize cities that set their property tax levy below the maximum permissible levy because a taxing unit's income tax share is based on the maximum levy.

John Riemke, Town Manager of Albion & Avilla, said that local officials need the tools with which to do their jobs, such as squad cars and fire engines. He indicated that current fiscal controls are strangling small communities and that growing communities don't have the flexibility to keep up with local demands.

Highland Clerk-Treasurer Michael Griffin endorsed the idea of fiscal home rule, explaining that he is looking for more tools, not more taxes. He is asking the General Assembly to provide a revenue and finance tool that is consistent with the information age economy. Mr. Griffin added that high property taxes are an economic development hindrance. He is in favor of allowing fiscal home rule in a number of pilot communities.

Thomas DeGiulio, Munster Town Manager, agreed that one size does not fit all. He noted that the most stable community that he has worked in was Normal, Illinois, which is a fiscal home rule community. Mr. DeGiulio reported that Normal is a pay-as-you-go community that makes use of the state income tax and a sales tax leaving the property tax extremely low.

Plymouth Mayor Jack Greenlee wondered how many legislators are well versed in the issue of fiscal home rule. Valparaiso Mayor David Butterfield, Commission member, sees a need to educate the members of the General Assembly. Representative Bailey agreed that there is an issue of control and that the members of the General Assembly need education on fiscal home rule.

There being no further business, Representative Bailey then adjourned the meeting at about 11:30 a.m.